

COMMITTEE ON ADMINISTRATION/INFORMATION SYSTEMS

November 20, 2006

5:30 PM

Chairman O'Neil called the meeting to order.

The Clerk called the roll.

Present: Alderman O'Neil, Lopez, Smith, Forest, DeVries

3. Update to be presented by Diane Prew, Director of Information Services of the City's Municipal Network.

Ms. Prew noted she wished to make a presentation about the network functions, abilities of the network and plans for the future and introduced her senior staff Jennie Angel who is the Micro-Computing Network Supervisor, and Rick Linder, Systems and Programming Manager.

Ms. Prew stated the network is like a highway. Instead of asphalt and cement it's made up of cables running under the street and on telephone poles. Instead of traffic lights the network uses switches and routers to manage the traffic, and instead of cars and trucks traveling on the highway you have data traveling on the highway. Ten years ago our network was very, very minimal fiber was installed between the Information Systems Department and City Hall and City Hall Annex, and e-mail connectivity was established but this was only internal e-mail because there was no internet access e-mail could only go between those departments. There were several stand-alone networks at the Airport, and at Highway, Planning Department and Health Department but those departments couldn't talk to each other and those departments couldn't talk to city hall via e-mail. Today our network looks like this (copies distributed). Currently the city's network connects 61 different buildings. It's made up of 43 miles of fiberoptic cable, 19 miles of which were installed this year. We also use several types of lease lines. DSL, and T-1's, we have wireless communications within buildings at City Hall, the Rines Center, the Emergency Operations Center, Information Systems Department and the Senior Center. And then we have one wireless connection between buildings, which is the senior center and west library. And we also have some 19 gage twisted copper wire that we are still using. The functionality provided by the

network includes supporting the City's software applications, the City's e-mail, Internet access, building and security monitoring, police and fire dispatch and remote system administration. This is just a sample list of some of the city's software applications. I think you are all familiar with HTE, which is our financial system. We are currently working on a new system for police and fire, which is the computer, aided dispatch and records management system. Our GIS system the graphic information system and the vision real estate appraisal system, health immunization, the city website and there are 30 plus other applications that are supported on the website in all the various city departments. Our e-mail currently we have 1100 e-mail accounts. E-mail is used in all departments. We receive approximately 22,000 messages per day, 18,000 of those are spam messages which are filtered leaving us with 4,000 messages a day that are good and come into our system. Since April SPAM has quadrupled. It has really a major problem for everyone. It is very costly for everyone to keep up with it and keep it filtered out as much as possible. Because e-mail is so important to city business we replicate our e-mail at the Rines Center. This means that there is a duplicated copy of our e-mail services at the Rines Center. We came to this because of the Health Department fire several years ago after telephone, the Health Department primarily was looking for it's e-mail system so it could notify it's various health organizations that depend upon them and to make arrangements for necessary functions to continue. The e-mail system also includes the city wide address book, electronic calendaring of appointments, and is accessible both at work and from home for city employees. Again Internet access is used by all city departments. It is used for research, the City Clerk uses it for vital statistics, it's used for motor vehicle registration, voter registration, access to CDC for Health Department, HVAC, monitoring and remote access. In order to provide as reliable a service as possible we have two vendors that supply our Internet access. Each vendor comes into the network at a separate location and if one vendor has a problem and cannot support our Internet access all the traffic goes to the second vendor. The service would than be a little slower because of the traffic, but the city could continue to work. We also have public access via the Internet for the library, the senior center, city hall emergency operations center; these aren't hot sites you still need permission to get on the network from these areas. We also have 13,000 intrusion attempts daily. An intrusion attempt is an attempt by an unauthorized individual to access the network. Building and security monitoring. The system is used for HVAC monitoring. This is Johnson control used by the facilities division. They are able to remotely monitor city buildings for heating and cooling and can make adjustments to the equipment remotely thus saving time and money and being alerted to problems before any damage is done. Water detection. Water detectors are now located in the basement of the central fire station, city hall and the Rines Center. These devises are attached to the network and will send out pages and text messages to select4ed employees if water begins to come in. The detector in the fire department basement has saved the information systems department from

several flooding situations in the past few weeks and we'd like to thank facilities management and the highway department for their prompt response to these pagers otherwise we would have had wet feet again. Security cameras. Security cameras are located in numerous city buildings and can be monitored from within the building or at the police department across the network. Building access is also run through the network. The locking of doors to city buildings has been automated using schedules are preprogrammed and automatically and unlock specific doors. Access to buildings by employees is also controlled over the network. Police and Fire dispatch. The network plays a very important role in the new police and fire computer aided dispatch and records management system. Police and fire will use the network to dispatch their vehicles. It will enable mobile data terminals in the police cruisers, fire trucks and ambulances to exchange information directly with the dispatchers. The network allows us to replicate the computer aided dispatch and records management system directly to the Rines Center that will serve as a backup EOC operations center should the EOC at the fire station become inoperable. Remote systems administration. We are constantly bombarded with viruses on a daily basis so we download daily the virus pattern and these get downloaded to each PC on a daily basis to protect them from the new viruses. Spy patterns like viruses are downloaded to each PC daily to protect from rogue programs that get installed on PC's by unauthorized outsiders and can secretly make a PC do things without the users knowledge, such as send files, remove files and give unauthorized access to the PC. Microsoft security patches are downloaded as released. These security patches again are loaded onto each PC. And these are patches that Microsoft sends out to protect its software against virus and spyware patterns. We also have the ability to do desktop software installations. By this we mean that we are able remotely to install and upgrade the software that resides on our desktops. We don't have to go to the user's desk to do so, so this becomes much more efficient for our department. We have printer installation. By this we don't meant hat we can install a printer remotely but what it does allow us to do is to give a user in one department to use a printer in another department, so you might have that if a user needs a high quality color printer that they don't have or if they want to print out some maps on a plotter. We also have remote control of PC's for user support. With this capability the support staff can sit at their desks and if the user has a problem and can't figure it out we can sign on to their PC, take control of it and see what is happening. We are also looking at grant applications for connectivity to additional sites on the city's network. These represent locations that various departments would like to have on the network, and funding for this work has been submitted as part of the fireman's home security grant request. What we are looking for is a fiber link that would provide data connectivity for security cameras at the Verizon Wireless Arena and this would connect to the City's EOC central management software. We are also looking at a connection for an additional police substation that would provide reliable high speed connectivity.

Station 4 on Hackett Hill the fiber would provide communication for the new CAD system, Ztron and telephone system. The waters low reservoir we are looking for a fiber link that would connect the security cameras that are now located at the reservoir and would replace the current comcast connection. The JFK ice arena, the fiber link would provide a reliable high speed connectivity, the ice arena is an ideal facility because of its size and location to act as an assembly for residents during local emergencies. And the West Side Arena I believe that's a similar situation again would provide a location for assembly during a local emergency. We strive constantly to make the website more reliable. As such we have two Internet access points which I mentioned before which allow us redundancy for e-mail. We have a disaster recovery site, which is located at the Rines Center. At the Rines Center we are able to support data replication that's particularly for police and fire where the Rines Center will also serve as a back up EOC. At this time we have a good portion of our services duplicated at the Rines Center but it's still an ongoing project and as funds allow we continue to work on that. There are emergency generators located at our major points of data transfer including the police department, the fire department, the Rines Center, and the highway department. Actually the only area that we have some concern is City Hall because City Hall does not have a generator. The other thing that we are working on the future project is something called redundant fiber rings. With redundant fiber rings it allows us more than one path to a particular location so if the fiber is cut in one direction the information can flow in another direction. And I'll give you an example that the City did encounter. Several years ago there was a bridge fire and the conduit burned. There was no telephone or computer access to the west side; it affected both police and fire. What has been done since then fiber has been put in on two different bridges, so if there is a problem on one bridge the information could flow on the other bridge.

Alderman Smith stated you mentioned the fire section equipment how did you survive last time fire, police and highway has been working is that going to be working fully.

Ms. Prew stated it is my understanding that it will be fully corrected. It's quite a project though.

Chairman O'Neil commented on the grant applications, are those all-separate applications or is that boxed as one application.

Ms. Prew stated as one application.

Chairman O'Neil asked how are those particular sites determined.

Ms. Angell stated how it was determined is from speaking with other departments and talking with my staff. I have a list of locations that has been suggested or requested that different departments would like connectivity. These are on the list. I do have a few others. But when the homeland security money became available I went and talked to Nick Capasano in the Fire Department, so this is a list of locations we are looking at and from that list we decided on those that he thought were appropriate for homeland security money that we could potentially write a successful grant application, so that's how they were chosen. And then it was a combination we worked on it, Dan Goonan worked on it, and we put the application together.

Chairman O'Neil asked and when was that due.

Ms. Angell replied I believe it went in a couple of weeks ago.

Chairman O'Neil stated it says additional police substation, do you know was that identified.

Mr. Prew thought Walker Street.

Chairman O'Neil stated so the new police substation on Maple Street was not included.

Ms. Angell responded the new police substation on Maple Street is already fiber connected.

Chairman O'Neil asked how do we handle if we open other new police substations throughout the city how do handle connection to the fiber.

Ms. Angell what we do, probably the way it's been handled, first of all they talk to us to tell us they are looking at this location, sometimes like the location on Maple Street we already have connectivity in the buildings, and if we don't we go out and survey to see if there is a way we can get to it either wirelessly because sometimes these police substations are in temporary locations, so we try to see what we can do in the most cost effective way. We have had some substations connected through a Verizon type of connection, if they are not near anything we already have.

Chairman O'Neil stated so if we added over the next few years three to four new police substations this should not be a problem.

Ms. Angell responded no, we would look at each site individually because every site is unique, if we can get there somehow using the city's facilities that

obviously is cheapest because we don't have monthly charges, and then usually the transmission speeds are faster.

Chairman O'Neil stated and we currently have fiber at all other fire stations except for station 4.

Ms. Angell responded yes, right now every one except State 4.

Chairman O'Neil stated and that's just because it's so far out of the next nearest city building.

Ms. Angell responded that and I think the thought was is this going to be a permanent station, but we did put the grant in because we felt even if it wasn't exactly at that location we would be getting the fiber pretty close because it's going to be in the same general area.

Chairman O'Neil stated that's true, it's been the longest temporary fire station in the history of Manchester.

Ms. Prew stated I think you are aware that our LAN Administrator did leave and had taken a new position. That does not leave the department in good stead as far as the network is concerned and we are actively pursuing, the mayor has given us permission to fill the position, I suspect it may be a lengthy search for the appropriate individual. So we are looking to hire some contract assistance to help us through because we have to keep the project moving for the CAD and Aramas for Police and Fire so I do have a request in to transfer some funds, I don't have money in my line item budget but in the past years when we were in difficult situations and we had funds in our payroll which in this case we do, we don't have the LAN administrator, we have been allowed with approval to transfer some of those funds from payroll to cover the cost.

Chairman O'Neil asked if there were adequate funds to at least allow the project to keep moving forward.

Ms. Prew stated the project itself, it's the LAN administrator that we need. We need assistance in that area and we are getting some estimates as to what that might cost and when we have more information on that if we need assistance we'll let you know, but it is a very difficult situation.

Chairman O'Neil stated and the position you mentioned has been advertised.

Ms. Prew responded yes.

Chairman O'Neil stated I don't know if it's closed yet.

Ms. Prew responded no, it was advertised it's open until it is filled.

Chairman O'Neil stated so everyone is aware that she has asked to, she has spoken to Finance and the Mayor about that, and the Mayor is fine with that....the transfer.

Ms. Prew responded no. He hasn't approved it as yet.

Chairman O'Neil stated but you have spoken with him about it.

Ms. Prew responded he has the paperwork, it is in his office.

Alderman Lopez asked if Ms. Prew could given them an assessment of the information systems as to where we are going, what delays you see, positions that need to be filled, cost analysis before run off into the sunset.

Ms. Prew responded that she would put that together for them.

Alderman Lopez thanked Ms. Prew noting it was important because we have put millions of dollars into it.

Ms. Prew noted that she wanted to see it continue well having started the department she had a lot invested in it. In response to question, Ms. Prew noted she had started with the City in 1980.

4. Request of Alderman Duval relative to public posting of ownership information for non-owner occupied multi-family buildings.

Alderman Duval stated in an attempt to address some of the issues relating to the broader topic of absentee landlords in our community, those investment properties across our city varying in size two family and up for sure, I think it might be worthwhile to explore the possibility of requiring these property owners to post on the exterior of their buildings in some visible fashion the telephone number and the name of an owner or in the case of a larger company that owns many buildings throughout our city maybe the name of a manager in the company or maybe a manager so that when residents in the area are experiencing difficulties with tenants they know publicly who owns the building, who is responsible for it. Alderman Duval stated I think it might also be important information for the Police Department and the Fire Department when being called to a scene. I know

some of the owners of the properties throughout our city do that currently, Red Oak comes to mind, Pierre Peloquin comes to mind. We do have some responsible property owners in our community that already use that approach and I think it is worthwhile and I think it is meaningful. I've had the conversation with a number of residents in ward 4 they think it's a good idea and I think it's just one small step in the right direction to address this whole issue with absentee landlords.

Oftentimes if you call our own assessors department and ask for the name of a property that has presented problems as a result of unruly tenants it can be difficult just finding out who owns the property. I think if somehow that could be worked into this as well some kind of requirement for reporting who the contact person is for a property where the owner does not reside. So that when an alderman or ward resident calls for information and wants to speak with someone or lodge a complaint or even our own municipal employees whether it be Highway, or Fire Department or Police Department you can access information without pulling teeth. Again, it's just one small piece, one small step in the right direction.

Chairman O'Neil stated do you believe it would be appropriate to refer your request to the City Solicitor to draft some language, cause I am guessing you would like to do this by ordinance.

Alderman Duval stated I think that's probably the way to do it.

Alderman DeVries stated I think the only thing that is immediately coming to mind is concerns that came to my attention at the state house. There are a lot of individuals that have concerns about their privacy. Dealt a lot with that during identity theft legislation that we had to author last year. I can see commercial companies such as Red Oaks and some of the larger ones wouldn't have a problem with posting of their name because it is advertising, but a private property owner that say has a two family home or a tree family home and is living within the city I am not sure they are going to be as comfortable in having their name and their home phone number posted on the side of a building to contact them if they are maintaining their offsite investment. I'm not saying it should stop this effort, but I just wondering if you have considered that.

Alderman Duval responded I've considered that and these are things that have to be worked out through the process, but information with regard to property ownership is already public information, it's just a question of where you can get it and how quick you can get it. But we all know that if I want to find out for instance who the actual legal owners of your property I can find out pretty quick. But we need to find out quicker and it has to be more visible I think. My thoughts are also let me say that they could put a number to contact, it doesn't have to be a personal phone number it could be to an office, but a lot of these properties are

owned for income producing properties, it's a business for them and I know there are exceptions but in a broad sense those properties are a business venture and consequently I think that it should go part and parcel. If they are going to be in this for income producing reasons then I think they have an increased or heightened responsibility to the community.

Alderman Lopez stated I agree that the process could be worked out because four family is considered a business, two family is not, so whether the owner is living there is another issue so I would move this to the City Solicitor for him to develop some type of ordinance under the law and report back to Committee with some language.

Alderman Forest seconded the motion. There being none opposed the motion carried.

Deputy Solicitor Arnold noted he had made a notation on it.

5. Discussion relative to political sign placement ordinance.

Alderman Smith stated at the last election there were political signs all over the area and the way the state statute reads the placement and removal of political advertising it says be affixed to any public property including Highway right of way with the owners consent. I really like to see something put in that says no political sign will be affixed to any city right of way. Sidewalk is included. So in other words if a candidate is going to put his sign on he has to put it on private property with the owners consent.

Alderman Forest stated I know this was put on the agenda recently but I went to the City Solicitor's office this morning. I know we have several ordinances about signs posting them on poles, trees, city right of ways, but most of them are under the Building Code 93. It's very difficult to enforce them and I know we had a motion made by me during one of the aldermanic meetings which authorized the Highway Department and whoever to pick up the signs in the process without going through the Building Department. I agree with Alderman Smith that signs are being posted everywhere and republicans, democrats, independents, they are all doing it as soon as the city or the state removes them they are putting them back. None of the ordinances have any teeth or fines and I think again refer it to the City Solicitor staff to come up with something. The information I have right now from the Highway Department was they had three men working for three months and 54 man-hours at a cost of \$2,916. That's just the City Highway. Parks and Recs. had men who put in 120-160 hours for \$2,160 to \$2,898 worth. For a total of both departments of \$5,076 through \$5,814. This is all taxpayers

money. I didn't get a hold of the facilities or anybody from the school department the state highway crews I haven't got information with them, so we are talking thousands of dollars of taxpayers money to remove signs that are illegally posted in this city. So I agree with Alderman Smith that we have to draft an ordinance that's going to put some teeth in it and I know the candidates on both sides from Representative up to Governor but all the volunteers kept putting up and we kept taking them down and we need an ordinance with some teeth in it where we can fine these people if they continually litter these right of ways.

Chairman O'Neil stated he would entertain a motion to refer this to the City Clerk and request that the City Solicitor help out and that if they need to pull in other departments to assist in language and enforcement techniques etc. that those departments make themselves available for this process.

Alderman Smith so moved. Alderman Forest duly seconded the motion.

Alderman Duval asked if this discussion could be broadened to include polling places as well. I am sure that I am not the only one that perhaps has been approached by an elderly person going to vote on election day and feeling absolutely intimidated by the process. I think it's over excited campaign workers in many cases but it's like walking a gauntlet, and I think that you have a number our elderly people going to vote or younger people going to vote for the first time and it's absolute intimidation at times. I think it should be looked at. The ward moderators and selectmen try to do a good job trying to keep people away from the doors, political campaign workers but oftentimes it just becomes unruly and overwhelming.

Chairman O'Neil stated if I recall from my days as a moderator I believe the state law already gives that jurisdiction to the moderator and clerk of the ward. If you recall at ward 2 a number of years ago when the city was still voting at St. Paul's they pretty much put the people holding signs off to the side got them away from the doors.

City Clerk Bernier stated there has been some problems in the past. Fewer problems in the last couple years. But the law requires that they have to have a 20 foot corridor and that is why you see those horses from the Highway Department and what happens sometimes they move them or whatever the candidates and they get busy and it's really the moderators responsibility but in regards to Alderman Duval we will keep a close eye on that issue and I think what happens is that everybody gets busy and they forget and everybody gets kind of happy in the end of the afternoon and it gets out of hand.

Chairman O'Neil stated I agree as a former ward official the law is already there that the moderator can require them to get completely away from the doors. It's an enforcement issue. And that is state law not city ordinance.

Alderman Smith stated in regards to that this was brought to my attention by the principal of Parker Varney. What happen was everyone had their signs they put them up on the building and then they left them on the site so when the children came in at 7 7:30 they started playing with the stakes they had the metal holders and then plus the fact he had to make a call to the Highway Department and they came over and picked them up. And I think that we should address this to the City Clerk that we should have our moderator to make sure that these political people pick up their signs before they leave.

Alderman Duval stated with regard to city elections the state law comes into play as well there's not a city ordinance.

City Clerk Bernier responded that's correct, we do, there is a paragraph in the city charter that address that whatever election laws that the city doesn't have we usually fall back on state laws so we do follow state election laws.

Alderman Lopez stated I don't have a problem to go to responsible people and come up with something, I do believe that there and the City Clerk could look at this too, I was reading in the municipal guide that the City Clerk is also responsible he is the king person in charge so I would like to see some dialogue between the moderators and all the wards be equal instead of one ward not being in compliance and another ward in compliance so I think that we need to have that dialogue among the City Clerk and I'm glad that you are sending it there and the City Solicitor so that we can clean this up a bit because it is a problem. A couple of years ago we tried to eliminate the signs period, and the moderator does have the right to move them back 50 feet from the actual entrance but I'll wait for another day for them to come up with some type of continuity among all the wards and not just leave it to the moderator, I think the City Clerk can have some input into that.

Chairman O'Neil stated except the moderator has the say, that's under state law.

Alderman Lopez noted that my point is state law was changed, and the City Clerk is responsible.

Chairman O'Neil stated but he can't force, Leo is pretty talented, but to get 12 people to do the exact same thing is going to be awful hard, all he can do he try's to do proper training for them in all aspects of elections, so we can ask him to look into it.

Chairman O'Neil called for a vote on the motion; the motion carried with none recorded in opposition.

6. Communication from Deputy Chief Simmons relative to his concerns of a request of Todd Tousley for a business license to open a restaurant at 96 Hanover Street (former Stage Door Café).

Chairman O'Neil noted this item was deferred to the next meeting.

7. Request of Peter Ramsey of The Palace Theatre to hang a banner across Hanover Street from November 20th to December 23rd.

Alderman Smith moved to approve the request. Alderman Lopez duly seconded the motion. There being none opposed, the motion carried.

8. Communication from the Chamber of Commerce requesting the City's DSL service be extended to the Manchester welcome and Information Center located at Merrimack and Elm Streets.

Alderman DeVries moved for discussion. Alderman Forest seconded the motion.

Alderman DeVries noted the cost would be paid by Info Systems and do they feel that they have the money within their budget to address this.

Ms. Prew stated unfortunately we don't have the means to support this request. It's an ongoing monthly cost that would be associated with it.

Alderman DeVries stated so at the very least it needs to be referred to budget and or referred back to the Chamber to see if they would like to assist to get it ahead of budget season, to get it done sooner.

Alderman Forest stated I believe we allocate some money to the welcome center they may have some money in their budget, I think they are only request that the use of the DSL.

Jennie Angell addressed the Committee stating we don't really have DSL the way they are talking about the city has the network that were connected to 60 buildings. We have one or two sites that might be connected by DSL. We did look to see if there was any way we could get to that building from the City's network so we could extend connectivity to them without a monthly charge. We

can't get there without, we got some estimated costs, we can't get there wirelessly we would have to run some type of circuit so I cannot provide the service for free, we looked. So we would have to install a circuit and it would be the cost of either providing Comcast or Verizon DSL business circuit which I know the water department has had some Comcast business circuits for their reservoir and it's in the \$100 month range. I don't have a way of getting there free from the city's network.

Chairman O'Neil asked if a motion was proper to send it back to the Chambers to see if they are willing to fund it.

Alderman Forest so moved. Alderman DeVries seconded the motion.

Alderman DeVries noted with the explanation that it has a fee of \$100 month and that there is no way we can get it free.

Chairman O'Neil asked if there was any problem doing this, were they opening a door to other quasi city operations if we do this for one is this going to open other doors.

Ms. Prew stated they would not be connected to the City's network per say. They wouldn't be part of the internal network so it does cause us any difficulty.

Chairman O'Neil stated so the city doesn't really need to be involved other than allowing Internet access.

Alderman Long stated from what I understand they are looking to access the City's web which any homeowner could do and they were wondering whether Info Systems could hook them up but what I'm hearing you don't have the capabilities of doing that.

Ms. Prew responded that's correct.

Alderman Long stated so they would need to go to a private provider and whatever deal that would be.

Chairman O'Neil called for a vote on referring it back to the Chamber. The motion carried with none in opposition.

9. Communication from the Alcohol, Tobacco and Other Drug Task Force requesting the Board consider a licensing process that businesses not allow unaccompanied minors to be in the presence of alcohol in the later evening hours.

Alderman Forest moved for discussion. Alderman DeVries seconded the motion.

Alderman Lopez stated I would presume that they checked this out before they even bring it into the committee, and maybe Mr. Boldin and Mr. Arnold can weigh in on this too, asking if Mr. Arnold could give us the working details, have you checked anything out legally that we can do this.

Mr. Boldin stated I think that what Alderman Forest said to have this reviewed by the City Solicitor. There has been discussion about it, but there is obviously levels of legal information that need to be further explored with this suggestion.

Alderman Lopez stated I think it is important that the City Solicitor tell us whether or not we can do it, it sounds good on the surface I don't know if state law allows you to do it.

Alderman Forest stated I don't know if we need some research that's why I asked that it go to the City Solicitor, but I know other states when it comes to juveniles and underage people and alcohol they all require businesses that serve alcohol to not allow juveniles in without a guardian or responsible adult. I think that's where Marti wants to go and I think that's the ATF also wants to go.

Chairman O'Neil stated I got to share this with you and I've seen this numerous times you go in the Back Room on a Friday night after a high school basketball game and there's high school kids in there getting something to eat, what I read here they are not allowed in there or the BackRoom can't serve alcohol after 9PM.

Mr. Boldin responded what you are all pointing out is absolutely right on target. This is trying to take a look at certain kind of environment that promotes the exposure to underage drinking and try to figure out some way to coordinate services between city, state law, the bureau of liquor enforcement a variety of players to get on the same page with this. It's extremely complex. There have been meetings since this was drafted to try to evaluate what the best course of action is locally and on a statewide level and those discussions are process right now.

Chairman O'Neil stated I got to share with you even if it is legal I'm not sure I don't have a problem with this. I don't need every restaurant in the city here

calling and that is what is going to happen here, it means the kids can't go into a pizza place that serves beer.

Alderman Forest stated that is why I want to refer it to the City Solicitor. I don't think it's meant for restaurants that serve food, I think it's meant for establishments that strictly serve alcohol.

Chairman O'Neil stated it's facility that serve alcohol those are private clubs you have to be a member.

Alderman Forest noted that private clubs violate the law on occasion.

Chairman O'Neil stated I'm just not sure this is going to accomplish what everybody thinks it is going to accomplish, and it's probably going to create a lot of headaches in the city that we don't necessarily need.

Alderman DeVries stated one part of this that confused me it's talking about youth supplied with alcohol by other young adult friends, meaning they are legal to drink, that underage drinkers are mixed with over 21. But yet it seems to be saying in the next to last paragraph this approach does allow restaurants to attract and serve families and parties of mixed underage and adult members. So it is contradictory what it is trying to eliminate an older of age serving underage its contradicted in trying to accomplish what alderman O'Neil is concerned about.

Mr. Boldin stated Alderman O'Neil's concern is absolutely appropriate and right on target and this is an incredibly complex issue. This is one of those situations Alderman DeVries where when we look at it we know what the problem is but describing it legally in a way that as Alderman O'Neil says doesn't open up a large can of worms, is very difficult. With that said there are significant number of people around the state not just here in Manchester who are taking a very serious look at this issue and trying to figure out how to overcome those complexities in a way that doesn't open up a can of worms but it's not easy.

Alderman DeVries asked if there was some measure that we can go forward with today that wouldn't open up a can of worms but say if we were specifically targeting a dance club that doesn't have a restaurant attached to it would that be of assistance to get something started that would take care of some of those problems.

Mr. Boldin responded I think Alderman Forest's recommendation that the solicitor and I want to emphasize and defer to Tom on this but continue to be a part of this dialogue so that we are ensuring that all the oars are moving in the water the same

way. I think that that might be an appropriate action for us to continue to let the community know that the City's heard it's request that it attend to this issue.

Alderman DeVries stated the problem is the solicitor is going to assist us with the legality of the ordinance that's being suggested they are not going to help us with the policies that we are trying to develop. Y concern is that if we could narrow down what it is we are looking for, for a policy before we send it to the solicitor we won't be wasting their time devising something that we later decide is too broad and is opening up a can of worms.

Mr. Boldin agreed that that may be a wise course of action, I think we could take that back to the task force if that is the will of this Board.

Chairman O'Neil stated what your intent here is to target the clubs.

Mr. Boldin responded correct.

Chairman O'Neil stated which fall under their circumventing state law and I think the state folks will admit that, the licensing process they fall under a restaurant license many of them.

Mr. Boldin responded yes.

Chairman O'Neil stated so until that changes I don't know how we can put an ordinance in. Because what you came up with is very general affects every restaurant in the city and I'm not interested in going in that path because that is not where the problem is, the problem is the clubs and by trying to come up with an ordinance that addresses restaurants.

Mr. Boldin responded you are right alderman, and what I want to emphasize that since this letter was drafted that there have been discussions and the issue that you are bringing up is absolutely appropriate. I want to also emphasize that at the time that this letter was drafted that committee was trying to ensure that it was not moving outside of what the city was trying to do it was an informational kind of communication to make sure that everybody on the Board of Mayor and Aldermen was aware of the issue. But I agree with what you are saying and with what Alderman Forest is saying that as long as if it is the will of this committee that the ADOT task force take this back again, try to come up with something more specific as long as that's in the will of this committee I think that that would be appropriate to the mission of that task force at this time.

Chairman O'Neil sated I would rather see us take a vote an refer it to the full Board and the City goes on record of asking not only the agency, but the

legislature to take a look at the definitions. Because I think that's where the problem is. The number of various licenses are and how some of these places are falling under probably not appropriate classification but it is what the law says today. That's where the emphasis needs to be and we could clean up a lot of these with redefining the various categories. I think we are going to be in conflict with state law no matter what we do. We can pass any ordinance we want but it is going to be in violation of state laws, so I would rather see us take that approach.

Alderman Smith stated I oppose this as presented for several reasons. You have family reunions you have weddings you have showers so forth like that and you also have a time line of 9:00 I know that most functions that occur are 7:30 or 8:00 I think that what you probably should do is revisit it but at this time I would like to take a vote and I oppose it as presented and I would suggest to you to go back it is a good gesture and I think where you are coming from but you are penalizing people that are in a family business.

Mr. Boldin stated absolutely understandable.

Alderman Long asked through these discussions is there a list from the task force of effected entities that are creating this problem as you have deliberated with this conclusion.

Mr. Boldin stated not as such, this brings up one of the complexities of this issue. If it was seen that the city task force was trying targeting a specific establishment or list of establishments I think that that would open up a proverbial can of worms. One of the things that we are trying to do now is coordinate state and local efforts to make sure that all the oars are moving in the water the same way, that the city has a legal way to address this issue and that on the statewide level the state is looking more than just Manchester. It's a very complex set of laws that we are dealing with.

Alderman Long stated I wasn't speaking on specific establishments I was speaking on specific types of establishments.

Mr. Boldin said what is the difference between a restaurant and a club and the law provides, my understanding of the law provides that a restaurant is a restaurant if it serves I want to say \$50,000 or \$75,000 worth of food a year. Water counts as food. So a place could open up and essentially serve no food whatsoever but sell \$75,000 worth of water a year and establish itself as a restaurant and still continue to operate more or less as a club, and then have an under 18 night be a part of that club. Am I clarifying it at all.

Alderman Long responded yes, I believe so, so what you are telling me is that under 18 is allowed into these clubs.

Mr. Boldin stated under 21, I'm sorry I misspoke. Yea, essentially.

Alderman Long stated under 18.

Mr. Boldin stated under 21.

Alderman Long stated under 21, not 18.

Mr. Boldin replied exactly, or 18+ clubs.

Alderman Long stated and this specific recommendation is targeted towards under 21 or under 18.

Mr. Boldin stated 18 plus clubs, trying to limit the legal distribution of alcohol to a group of people over 21 who are intermingling with people over 18.

Alderman Lopez asked if he had a list of the people who are on this task force. You can provide that later.

Mr. Boldin replied I didn't bring that with me but yes we do have a list.

Alderman Lopez stated I know I attended one meeting there and I think there was a state law back when maybe Senator could speak to it he was at the meeting to. There were these young kids weren't allowed in night clubs and definition of a night club, restaurant, and stuff like that and I thought the committee recommended that law be changed with Edwards.

Mr. Boldin stated Chief Edwards is involved as we speak in negotiations around this issue, I'm sure Alderman/Senator Gatsas may have some awareness about those conversations. But again the exact nature of direction of state-wide legislative push at this point is unknown. At least, unknown to me.

Alderman Lopez stated maybe I can yield to the Senator.

Alderman Gatsas stated Mr. Boldin there was a committee as Alderman Lopez is talking about and I notice this letter was dated July 5, 2006 is there is any reason why after that committee meeting you are bringing this forward to try to push an ordinance at this time when the discussion that day was very clear that there was going to be state legislation that was going to move forward that would attempt to take care of this problem.

Mr. Boldin stated I did not bring the document today.

Alderman Gatsas stated so you are suggesting to this committee that this thing should be tabled, or received and filed.

Mr. Boldin responded I would leave that to the committee, what I heard that made the most sense to me alderman was that Alderman O'Neil asked the committee to kind of go back and retool and then reinform this group of where it's going. Am I saying that right, Alderman O'Neil.

Alderman O'Neil stated I will say this, this letter has been in the file for awhile that's the reason it's out here tonight. It certainly was before that meeting that was held up at the Health Department.

Alderman DeVries stated I was just saying Marti that you also have an alderman who signed on to this as well and it's not just yourself that had brought this forward. I like very much Chairman O'Neil's suggestion that we draft a resolution and send this on to the full Board the resolution and maybe Marti you can assist the City Clerk's office with the drafting of that to ask the Legislator to narrow the definition of a restaurant serving alcohol to avoid some of the underage drinking problems that we have. It might be well timed with the legislation being brought in by Senator Gatsas and will only help assist that process along.

Chairman O'Neil stated isn't that already being worked on.

Senator Gatsas stated it is being done there is no reason for a resolution because it's a concern for everybody in this state about underage drinking and I think it's a concern in every community not just Manchester. I think everybody is aware of that, and for us to send a resolution up to something that's being taken care of.

Chairman O'Neil stated isn't this whole thing falls under the issue of definition.

Senator Gatsas stated yes because that section could also include the Verizon Center in the suites that are there so it has a very far ranging effect other than just the City saying here's an ordinance and I think we need to take a long hard look at it.

Chairman O'Neil suggested it was probably be appropriate with everything going on at the state level to probably receive and file this. I can't see us working on trying to pass an ordinance when state law is probably going to change. I'm just guessing. I'm guessing that it's of interest to the Senate, the House and the Governor that this is an issue that there will be some law passed that will give the

liquor commission clearer definition of these establishments, so that's number one. Secondly, I do agree that we need to send a strong message to Concord and that a resolution is probably appropriate, but would it be more appropriate at the time a bill is actually introduced and going to a hearing.

Alderman Lopez stated probably testify.

Alderman DeVries stated by the time we clear our committees it will probably be there.

Chairman O'Neil stated I think we should receive and file this communication and secondly go on record at the appropriate time we can refer this to the full Board next week, not this item just a resolution in support of the legislature making changes to the definitions, so it doesn't get hung up and I think we have time to act on that.

Alderman Lopez stated I think that if we receive and file this and have some time frame for Marti to find out whose on first there is plenty of time it's not going to happen until January I believe right. We need to know the facts before we send a resolution up there so it doesn't get lost in the shuffle, and if he could follow it and check with Edwards and see where he stands and see what position we are and report back to the committee or just a phone call it doesn't make a difference. I think if he follows the sequence here I believe everybody knows exactly what we are looking for. And if we can get to that point it's going to be up to the State.

Alderman Lopez moved to receive and file the correspondence. Alderman DeVries duly seconded the motion.

Alderman Forest rescinded his motion which had not been recognized.

Chairman O'Neil called for a vote. There being none opposed the motion carried.

Chairman O'Neil noted I think we all united on that we need the legislature to come up with a definition of these establishments and when that's so, Marti if you can let us know when it is coming forward so the Board can go on record and make sure that the Mayor and any Aldermen that want to go up and testify in support of that, that would be appropriate.

10. Communication from Chuck Hungler regarding Manchester Employees' Contributory Retirement System suggesting there should be negotiations between the City and the Retirement System for COLA's and that the Board consider the unfair position of deducting employee's share of health

subsidy from part-time employees who cannot apply for health insurance on retirement.

Mr. Hungler, member of the retirement system board, stated I wrote the letter as a private citizen. I had two concerns. One of which has been negated the second part, there was money being taken out of part time employees who weren't eligible for health insurance and therefore when they retired they wouldn't be eligible to use the subsidy. I didn't think that was fair. At the time we didn't get an answer from the city when we asked what their position was going to be. Subsequent to the letter we did receive a letter saying that they would be eligible to receive insurance. To use the subsidy to access health insurance, so that issue is solved. The other issue is on COLA's. My understanding of the law is that the retirement system under their rules can set a COLA for retirees and bind the city and the city has no right not to pay that amount of money. So it's a unilateral type charge. I think we are very fortunate that there are seven trustees that are very dedicated and look at the big picture. In the future you don't know what you are going to get for trustees. So theoretically last year they could have given a 3% COLA, and they chose to give 2.25. So they didn't go to the max but I feel that that should be some type of a negotiation between the Board who is responsible to the citizens of the City in setting a tax rate and the retirement board that's looking out for the interests of the retired employees of the city. So that was the reason for the letter. I wasn't sure if you people were, if the board was aware that the retirement system had that power within reason. You can't go out and give a 10% COLA, but whatever's within reason. Some things to consider, 10 years ago the market value versus the present value was like 155%, the assets, last year it's down to 77% and it will probably drop even more this year, even though we are having a very good year market wise for the investments. So those are all things that have to be taken into consideration and my point in the letter was just to bring it to the attention of the Board.

Alderman DeVries stated several questions come up. The new GASBY accounting roles and regulations that we need to show our future liabilities in the present year of our budgeting, is that coming into play with any new interface between our City Finance Department and the Retirement System. Have you had discussions on how we are going to show that liability.

Chairman O'Neil noted to those present for the HR meeting it will not take place there is not a quorum of that Board, so it will be rescheduled.

City Clerk Bernier noted it would be rescheduled to 5PM next Tuesday.

Gerard Fleury, Executive Director of the Contributory Retirement System addressed the Committee stating in answer to your question the only change in

regulation that might have an impact on the fund and it really has not been adopted by public plans yet, we are seeing it more in private plans, is the elimination of the smoothing of asset returns. In other words if we have up years and down years, we don't have a knee jerk reaction to them we tend to smooth the return on assets over a five year period so it doesn't cause artificial vasculations in the rate by the employer and they are talking about doing that. There isn't really any obligation or consensus whether public funds will do that but if you are looking at trends in defined benefit plans that's the one thing that might be a little problematic coming down the road.

Alderman DeVries stated maybe I can ask Randy Sherman because I think its more of an obligation on the City's side to show on our audit any unfunded liabilities on the books, and it's GATSBY 5 standards being phased in over time.

Mr. Sherman stated you are referring to GASBY 45 and no it does not effect the City all of our liabilities are born within the retirement system. There are a number of municipalities, government entities out there that provide post retirement benefits and they are more on a pay as you go type basis and they've never incurred or recorded those liabilities on the books. All the city's liabilities have been on the books and are funded to some extent.

Alderman DeVries stated so that won't force us to have greater interaction I was wondering, so my second question would be the make up of the trustees that you have today. I know the Finance Officer as well as the Mayor are, so of the seven trustees we have.

Mr. Fleury responded that's correct you have two members that are elected from present working constituents of the Fund. You have a member at large who cannot be a working employee and perhaps by happenstance is now a retiree, a former employee of the city. You have the Finance Director who is an ex-officio member, along with the Mayor. You have an individual who is appointed by the Mayor and you have an individual that is appointed by the Board of Aldermen. So out of the seven with the Mayor's position be ex-officio and non voting except to break a tie. You have the may the City's perspective on how much COLA's should be granted by votes of the Finance Director, the Aldermanic appointee, the Mayoral appointee, versus the three two of who are elected and one is a member at large, and then if the Mayor has to break a tie and that existed that tie vote would be there. I think in fairness to Mr. Hungler I think the issue is whether or not the formula that we have for determining the COLA's is as refined and as accurate as it could be. Because the COLA regulation, the law simply says that the trustees have an obligation to look at the purchasing power of individuals that have been retired for a time and make sure that that purchasing power is not severely eroded by inflation. And that's really about all the law says. So we have regulations that

try to give form and substance to that, and they are broken into two categories. One is how do you measure inflation. And for that we go to the US Department of Labor and we look at their standards for inflation. And then once we say yea there has been some erosion of the purchasing power that answers the question of does the board need to act or react to that. Secondly is how do you pay for it. And there are a number of criteria that satisfying any one of a number of alternative methods allows the board to act. If none of those can be satisfied by the board, the board has got to come to the Board of Mayor and Aldermen and say we have a dilemma the CPI kind of dictates that a COLA be granted but we can't afford to do that under any of the conventions that are in our regulations, will you consider funding that. And they would turn to the City for that purpose. I think that and I don't want to put words in Mr. Hungler's mouth, but I think that some of our ability to fund COLA's don't insulate the City completely from the effect of a COLA granted by the Board and in fact right now as of the most recent valuation, if the board grants a 1% COLA above what it can afford to grant it adds about \$600,000 in long term liability that would have to be amortized over a 30 year period, so does that effect you yes it does. As for the potential for correcting that, those rules are promulgated by the retirement system and they are designed so they can be flexible and they can be revisited. So the mechanism is always in place if something like that is deemed to be unfair or otherwise has lost touch. You can go back in a relatively short period of time and review that. More recently the congress passed the pension protection act of 2006 signed into law on the 17th of August and that sets certain standards that I think are going to effect public funds as far as their funding ratio and when is it prohibitive for a fund to come in and say let's change the benefit. So that could present a good basis for reflecting upon how our rules are structured and see if they are still in tune with reality.

Alderman Lopez stated you are bringing this forward as a citizen and has this gone before the retirement board.

Mr. Hungler responded they know about it.

Alderman Lopez asked Mr. Fleury if they had seen this and commented on it. The reason I say this is because we are saying on one hand they have the authority to do it. On the other hand we are saying let's put an negotiation team together and try to solve this particular problem. And then during the conversation with the Board of Mayor and Aldermen it was said the Board of Mayor and Aldermen never approved it so we don't have to do it, but now you are saying the board has a right to do it so let me talk to our finance officer and get his version as to does the board have the authority to just put a COLA out there and say the city is going to pay it as a liability or do they need approval of the Board of Mayor and Aldermen.

Mr. Sherman responded that I believe that is still open to debate. My understanding is and I have gone to a total of four retirement board meetings since November 1, the board of trustees can award a COLA. I also understand that there has been the debate in the past on whether that requires aldermanic approval because you are the one that actually provides the funding for it. I think the point that Mr. Hungler is trying to make is, when the fund was over 100% funded it was easy to give COLA's and keep up with inflation. As the market swung and as benefits were added to the plan the funding ratios have dropped significantly. And I think his concern as a citizen is, that the Board still can provide COLA's and what's that's doing is adding to the tax rate because again now the Board has got to fund it. I think as part of the 07 budget the one that we are in and I remember budgets back in the 90's there was some issue during the budget process of whether the Board of Aldermen was responsible for funding those COLA's or if the board of trustees were responsible for funding those COLA's. And in essence had to pay it out of assets that they currently had. I'm not sure if that has ever truly legally been resolved and in most cases it probably has just been allowed to happen, so I'm not sure there is an answer to that question.

Chairman O'Neil asked Tom Arnold if he had a response noting I don't know a law that says if the fund is overfunded the trustees can do it and if it's underfunded it has to come back to the board of mayor and aldermen, I don't think it can be both ways. It has to be one way or the other. Overfunded or underfunded it either has to come back to the Board of Mayor and Aldermen or the Trustees have the power under state law.

Deputy Solicitor Arnold stated I couldn't cast an opinion on that, that depends on the retirement system's documents which are in fact special legislation. I would have to review them in order to cast an opinion on that particular question.

Chairman O'Neil stated knowing this discussion was going to come up you didn't research it.

Deputy Solicitor Arnold stated no I did not.

Chairman O'Neil stated I think we need to research it and come back this committee with an answer.

Deputy Solicitor Arnold replied he could do that, he saw the item on the agenda but was not completely aware what the discussion would involve, specific legality. I'd be happy to research that if the committee's requesting and be happy to get back.

stated he appreciated that.

Alderman Lopez stated just a follow up Mr. Fleury you are well respected in the position you hold and I know that I have had many a conversation with you. Could you give us your definition as the executive director as to the legality of the retirement system in reference to this.

Mr. Fleury responded let me save a little research work for your counsel, the law that addresses the authority is chapter 218:20 laws of 1974 as amended and if you can't research them easily they are right on our website at cityretirement.org.

Deputy Solicitor Arnold stated I have those laws and am aware of the amendments.

Mr. Fleury stated there are circumstances where the Board of Trustees would be powerless to grant a COLA, and those circumstances are in our administrative rules. So that if we failed to meet the earnings assumptions for the system which is a minimum of a 7 ½ % return on investment for three years in a row and we didn't have over 100% funding ration and there are other requirements and I believe there are three, if we fail to meet all three then the board would have to come before the Board of Mayor and Aldermen and say our indications from looking at consumer price index deem a raise or COLA to the retiree's is necessary but we lack the funding mechanism to do it can you assist us, will you entertain a notion of doing that. So under those circumstances they would have to come to you, and if they failed to meet any of those criteria and there have been a couple of years where looking at the 7 ½ return was a bit iffy but we are very very careful about that because the last thing we want to do is allow the trustees to act under the assumption or a false assumption that they have authority under existing regulation when such is not the case. Because that would jeopardize the integrity of the plan, it would jeopardize the reputation reliability of what the trustees do, we have no intention of doing that. So I don't think that there has been a violation either conscious or otherwise. If you were going to characterize what has happened in recent debates, it has been really a debate between individual trustees as to where that affordability should be. There are COLA's that we can grant that are pre-funded and would not effect the City's rate going forward. It's a methodology that was developed by the Board a few years ago to escape the very concerns we have today. But we haven't fully ramped up to that point. So, if you are talking about granting a COLA in excess of that pre-funded level then it does come back to effect the city's tax rate and the amount that the city has to contribute.

Alderman Lopez stated I think that that is what the issue is. Without the legality is I am just wondering when we would put a negotiating team in, I think the only

time is if you were coming to the City and ask us to fund the COLA's versus the retirement system. I don't know if you agree with that.

Mr. Fleury stated it shouldn't be my place to define on what the board might or might not do, I will only tell you that I have great respect for Mr. Hungler and the position that he holds on the board and the knowledge and dedication he brings to the board. I don't disagree with his concerns that when you do something that causes the cost of your pension operations to rise that you want to be very mindful of that because at some point it becomes deemed to be unaffordable by the majority and that's a place that pension funds don't want to go. This should be a win win for everyone.

Alderman Lopez stated my last question is the retirees are going to get a COLA this coming 2007 is that correct.

Mr. Fleury stated no we grant COLA's generally in the month of July, and when that's done it goes into effect for like August, so we grant it to retirees in July they see the first payment in August. That was done August past. We won't even approach that question again until next July.

Chairman O'Neil asked what the last two or three years was granted.

Mr. Fleury responded the most recent year was 2.25 effective July 2006, and before that it was 3.5 and before that it was 4.5 but the 4.5 was making up for lost time the prior year had been 0, so when they granted the 4.5 it was over a 2 year period.

Alderman DeVries stated so we should not be seeing participating in a vote on this unless the cola exceeds a pre-funded level, is that what I understand.

Mr. Hungler stated that's not my point, my point is that even if it is a 1% COLA I think that the Board of Mayor and Aldermen in conjunction with Board of Trustees should agree because you are adding something to the tax rate.

Alderman DeVries stated I understand but let me finish the question because I don't understand what a prefunded level would be so start with the rudimentary just to explain. That means already funded within the system I am assuming.

Mr. Hungler stated eventually it will reach 1%. As of last year it was 1/2 of 1 percent, it goes up a 1/4 % each year, so in two more year's it will be 1% in the city rate that the city pays, whether a COLA is granted or not.

Alderman DeVries stated the other question I would have then is the new benefits is that factored in to the 77% or you are projecting that the percent funded of the system is going to drop because of those benefits.

Mr. Hungler replied the health insurance should not have any effect on that its going to be in a separate box.

Alderman DeVries stated I heard a comment that you are projecting next year the level of funding of the system is going to drop below the 77%, maybe I'm not using your terminology or the right terminology.

Mr. Fleury stated I would caution about shooting from the hip on projections, first of all in another month we will know what's going to happen. But there are a couple of uncertainties, one is that a few years ago we passed an ordinance it had to go through referendum, it was voted by a majority of voters to allow individuals who had 1.5 service credit from 1974 to 1998 to pay in an amount of money and they paid a portion of it and the fund pays for the rest. Well the fund paying for the rest really equates to the employer contribution rate has got to carry that. Certainly not everybody who is entitled to buy time is doing that upgrade, while many are not all of them are. Mr. Hungler's point is that we say over a \$1 million about 1.2 million over last year come in and we'll rival that this year from people who are saying yes I want to take advantage of this and so they are paying those extra amounts into the fund. It's going to have an impact of probably about a percentage on the contribution rate. The other part of it that we don't know is what is going to happen to the medical subsidy. What I have been seeing is that we are taking in considerable revenue and we are not paying out very much money on this subsidy so that benefit may stand on it's own. I will feel more confident about it once the actuary sees all of the demographic data as of December 31st and comes before us sometime in February with some concrete numbers.

Alderman DeVries stated I don't disagree with Mr. Hungler. And I almost feel that it should be taken a step further. That legislation being proposed before it goes up to the statehouse really ought to come with a clear and concise explanation and we should be more involved in the process knowing what it is is going to be effecting potentially future tax rates. I haven't felt like I have had that clear exchange of ideas even though I read your minutes almost religiously and try to stay on top I'm not an expert so it's very hard for me to judge by reading the minutes what the impact of these proposals will be. I guess the question before us today is whether we feel we should be part of that.

Alderman DeVries moved that we refer this to solicitor to see whether or not we can in fact enact Mr. Hungler's suggestion.

Chairman O'Neil asked Mr. Hungler where he believed we should go with this after. Do you feel you have accomplished what you wanted by bringing it before the board.

Mr. Hungler responded I brought to your attention and I think it is up to you to decide whether you want to be involved in an item that's going to eventually hit the bottom line of the tax rate.

Chairman O'Neil stated if I understand Mr. Fleury's comments as well as the solicitor, we need to have a clear understanding of what the law says, which I don't tonight so I'd ask Gerry to work with Tom to provide, we are all on the same, it should be a win win and I think that is important. I don't think there is a need to table this, let's refer this to the solicitor to get clarification on the definitions and then report back to us about who has the power to do what simple as possible.

Alderman Smith stated I would suggest that the contributory retirement system take a vote on this and bring it back to us, because we have a member of the board suggesting this and I can see his reasons why for tax purposes but I would like to see a reaction from your retirement board first.

Chairman O'Neil asked if it would hurt to get the solicitor to work on the definition while that is going on.

Alderman Smith stated he had no problem.

Alderman Smith moved to ask the retirement board to research and come up with a consensus and refer it back to the solicitor for further action. Alderman DeVries seconded the motion.

Chairman O'Neil asked when the board would be having discussions regarding the next cola.

Mr. Fleury responded different ways, the valuation is done in the month of February and we get the actuary to come before us the second Tuesday in March and so that would be the opportune time for us to query the actuary and say if we were going to grant COLAs this coming summer what would the effect be on the contribution rate for every one percent or every half percent of COLA's that's awarded. You would have that information and evaluation before you had to finish the City's budget for March 30th. So we'd have that information at that time.

Chairman O'Neil asked if it would be appropriate that sometime by the end of March you would report back to this Board.

asked if that was okay with Alderman Smith and if it was part of his motion.

Alderman Smith replied certainly.

Chairman O'Neil called for a vote. There being none opposed the motion carried.

Alderman DeVries moved to refer the item to the Solicitor. Alderman Forest seconded the motion.

Chairman O'Neil requested the solicitor report back at it's earliest convenience on who has the authority to grant the COLA's under various circumstances that may or may not effect the fund.

Chairman O'Neil called for a vote. The motion carried with none recorded in opposition.

11. Request of the Board of Mayor and Aldermen that the Committee review the Noise Ordinance as it relates to noise levels and consideration of consistency with State law.

Alderman Lopez stated at the Bills on Second Reading we sent this back for conversation with Matt and he was going to look at it to see if there was anything in our ordinances because some people mentioned it our requirement doesn't comply with state law and I don't know if they have done that yet.

City Clerk Bernier apologized stating he had no knowledge of this subject but Matthew had to leave at 7PM and if you want to table it and we can address it in December.

Alderman DeVries asked if we have enacted any of the noise ordinance.

Clerk Bernier responded yes.

Alderman DeVries moved to table. Alderman Lopez seconded the motion. There being none opposed, the motion carried.

12. Communication from Leo R. Bernier, City Clerk, regarding discussion of a city-wide licensing permitting process.

On motion of Alderman DeVries, duly seconded by Alderman Smith, it was voted to defer this item to the next meeting and request the Clerk to submit an updated letter on it as recommended by the City Clerk.

13. Communication from Manchester Community Access Media (MCAM) requesting allocation of a fourth PEG channel.

Chairman O'Neil noted this had been referred to the next meeting.

14. Continuing discussion regarding centralized purchasing administration, fleet management and various communications received from the Finance Department items enclosed as follows:
 - a) original communications and report from Finance regarding purchasing activities in comparable cities;
 - b) cell phone/pager analysis submitted by Finance;
 - c) centralized purchasing for printing needs submitted by Finance;
 - d) W. B. Mason Analysis submitted by Finance;
 - e) P-Card vendor list;
 - f) P-Card Analysis and Performance Tracking Sheet submitted by Finance; and
 - g) departmental responses regarding cell phone policy proposal and reports regarding centralized purchasing.

Mr. Sherman stated if we could take 14c first, Skip Tilton is here to discuss his proposal on copiers and printing equipment.

stated in the future I would appreciate communication ahead of time, I know you tried to grab me the other night, but this needs to happen earlier than that.

Skip Tilton addressed the Committee stating he was president of specialized purchasing consultants you can ask me any questions you are specifically concerned about or would you like a presentation.

A presentation was deemed agreeable.

Mr. Tilton continued stating first of all I'm not sure you have the documents. What we do is group purchasing and we work with school systems and municipalities and some private institutions across three states, Maine, NH, and VT. What we bring to municipality of yours is the group purchasing of about 2 billion prints and we combine the buying power of school systems and municipalities across these three states. What you have in front of you is the sample references and purchasing power of SBC in NH and Maine and you might add to the VT as well. Just to list a few references on the municipality side and people that you can talk to but in particular what I am trying to do here is establish a ratio of number of copies per person per year, and if you notice on the middle page you will see the number 44, that's number of copies per person per year and what that equates to is a Manchester SBC appraisal. Your population is 108,871 and what that translates to is the number of prints you are doing throughout the City 4,790,000. Now, what you see next to that, right off to the left, is the highest average and lowest cost of operation and that's under service and supplies. Just feeding these drums, toner, developer just to feed these so you produce a cost on that. What is costing the Manchester city is anywhere from .03 cents per page high to .015 and the less control that you have the higher the cost. And so what that translates to is answer from \$149,000 per year to \$72,000 per year based on your population and what you see to your right if we put this out to bid under our existing contracts what the costs would come in for the same number of prints. And way off to your right is your cost savings. What determines the range of cost savings is the amount of control that you have out there. Otherwords if you have a real strong centralized purchasing already in place then the cost would be lower, but the looser the arrangement is the higher or the greater potential for cost savings. Lot of information here but what this is basically showing you is there is about a four to five hundred percent mark up in the cost every time you produce a print. And that's what we do and is we go out to bid for anything that produces a print, that includes network printers, photocopiers, high speed duplicators, and what we typically do is when we take on a client we go in and we interview every single location, every key operator and we write a five year plan and we put that five year plan out to bid and then we combine that with several other entities. Right now we have about fifteen different clients that are in the pipeline that will be packaged with that. With each client being able to select a vendor of choice. What we do is we will spec out the equipment, we will purposely spec it out heavy and so we will make sure that every single department every single location has the right to have the equipment tailored to their specific needs and then we collect and tabulate those bids and then we present them to your finance department and then back to the Board for a decision. So what we are proposing here there is a potential cost savings based on my records and what we have calculated of anywhere close to \$600,000 down to \$200,000 depending where you are coming in at. Of course we will know that once we do an audit of your books. That's just in the service and supply side. Now acquiring the equipment, right in the middle

section, you'll see the equipment side of things, equipment purchasing, SBC's compensation, how we get paid as well is brought out in there. If a machine photocopier comes to you and it has a \$25,000 retail the salesman cost is about half of that about \$12,500 and then they typically have to charge mark up to that. What we have done is have gone directly to the manufacturers. We buy from 20 different manufacturers and about 19 different vendors. And we have now solicited bids directly from the manufacturer for less than even the vendors themselves can come to you with and we are buying that \$25,000 machine for about \$7,500, and we charge an 11% mark up which is \$825 on a \$7,500 machine. In essence how you would fund my whole operation is you already are paying it to the vendors and then some so we would basically pay for our own fee from what you are paying in fact we would guarantee it it is already in our contract. That we would come in at much lower than what you are already paying. So we haven't gone out to bid yet, I guess what we are proposing here is just simply to see if you are interested in our services. On the back side this there are several questions that are normal questions that you can go through I believe this was passed out before. And maybe you may have some questions for me, I'll be happy to answer them.

Alderman Lopez asked how he came to be here. That's my first question.

Mr. Tilton replied he was asked here.

Alderman Lopez commented you were invited, are there many particular consultant field out there.

Mr. Tilton replied in my particular industry. I am the only one in New England. I am a consulting company. My background is 30 years in the industry. In 1989 I started this company. I used to sell. I spent 10 years on the other side handling major accounts. In 1989 I formulated this company with idea of working together to increase the buying power which is something that I think a lot of people are trying to do with paper, oil, trying to increase the buying power, but I do it just in photocopiers or in network printers.

Alderman Lopez asked about the maintenance of the equipment, once you get it.

Mr. Tilton stated I do not sever those ties, I actually strengthen them so the maintenance of the equipment is done through the same vendors but instead of making 400 to 500 percent mark up they are making a 40 percent mark up. So the cost per print just to give you an idea of .0062 that includes the maintenance of the equipment service and supplies and my fee is also included in that.

Alderman Lopez asked how long of a process is this if we were.

Mr. Tilton stated before I were to come back here and present it.

Alderman Lopez said yes.

Mr. Tilton replied about a two to three month period before I have hard fast numbers. What I would do is go in an audit your books. And go back over the last two years, determine volumes, determine the life expectancy of your existing equipment. Right now you have every single department going out there and buying equipment on their own and the buying power is virtually nill. What we are going to do is find out what is out there, take an inventory of all your equipment and establish a five year plan building the specs and putting that out to bid. We will bring back to you 7, 8 or 9 different choices, and then we will analyze that with the finance department and make a recommendation.

Alderman Lopez stated the total cost on implementation, your fee is on implementation.

Mr. Tilton responded right, in fact my initial fee is only \$400 retainer, it is minimal.

Alderman DeVries stated to Mr. Sherman how is this going to bump up against our procurement code that is in effect.

Mr. Sherman responded my guess is that it is going to fall under the \$10,0000 limit. If you go out and actually look at the requirement to actually go out to bid. This isn't anything that Finance went out to bid for, or Info Systems or anybody went out to bid for. This is just a proposal that has been brought forward tot he city and until you actually go through and do the audit you really don't know what that total cost or payment to SBC is going to be.

Alderman DeVries stated maybe I'm not understanding the program perfectly but there will be a review of existing equipment and I would assume that there'll be some recommendations if there needs to be some equipment updated. Talking about initiating 5 year warranties on both new and old equipment that is not replaced so I am assuming that there easily be equipment replaced out of the audit and then we will be over the procurement code but be involved in a contract. That's what my concern is.

Mr. Sherman stated part of the audit too thought is it actually going to look at all the equipment that you currently have in the city. All the leases that you currently have. And you may find or Mr. Tilton may find that there is a piece of equipment for example in the Finance Department that is undersized. However that may be a piece of equipment that may be more appropriate to be moved over to the Youth

Services Department so then again you get rid of the contract that you have at the Youth Services Department and again a lot of that is just moving around and matching that the proper equipment to the proper department.

Alderman DeVries stated but I think you are missing my point. If we go over the \$10,000 threshold of equipment that's initiated after the audit, we'll have to change our procurement code to allow that because rather than going out to bid with individual vendors that would be the consultant's job. So we won't be doing an RFP process, if I understand this at all.

Mr. Sherman responded correct.

Mr. Tilton stated are you talking about my services, going out to bid for my services.

Alderman DeVries responded no. If there is equipment that needs to be purchased that's over \$10,000 by our City procurement code we have to go out through an RFP process.

Mr. Tilton replied which we will.

Mr. Sherman stated they are actually issuing that. I'm sorry, I didn't understand your question. They are actually issuing an RFP for the equipment. Once they go through and do the audit they are going to go back and say okay we can move X number of pieces around but now there is 13 pieces of equipment we have to go out to bid for. They will actually run that bid process.

Mr. Tilton stated in addition to that once we come up with a recommendation then we come back to the Board and we come back with a Board vote that is produced by a Bond Council and then you would enact it. You would reserve the right to accept any or all bids.

Alderman DeVries stated we are entering into a contract with you.

Mr. Tilton replied correct.

Alderman DeVries stated and that's a five year contract.

Mr. Tilton replied no it is a one year agreement on your end it's a five year commitment from me. One year after the initial upgrade you can cancel our contract for any reason.

Alderman DeVries asked if they would get some breakdown of what the start up costs with this system is.

Mr. Tilton replied yes, once the bids are in. Once I can do an audit of your books. What you see in front of you is based on previous bids. But once we actually establish a bid , find out what you have for equipment, what your current costs are, we will show you a present cost and a proposed cost, broken down by machine even if you like.

Alderman Forest stated on your examples on the front the companies, the vendors on the right, some federal agencies are serviced by some of these companies. Is that the same kind of service that you are providing with the machines that are in like federal agencies like social security or the probate course. They have contracts with vendors to maintain and lease their machine from him would that be the same kind of service you would provide.

Mr. Tilton replied we don't service anything. We are consulting company that go out to bid for these services. These same vendors here take care of federal agencies, municipalities, take care of commercial accounts What we are going to do and we have contracts with them, we work with them as well as our clients and we put them out to bid and then we collect and tabulate those bids. Particularly we put out the equipment for cash and the service and supplies on a cost per print basis. And then we tabulate those bids and then we present those bids. But it is the same vendors that take care of a federal agency or a commercial entity.

Alderman Forest stated so it would be that type of a process. You would put out the bid and these companies would come in and maintain or put the machines in.

Mr. Tilton responded right, I do not sever those ties. I actually strengthen them. And in addition to that we for five years will warranty all of the equipment as well as part of our services. We'll ask the vendors to warranty it but for any reason if they hiccup we would step up to the plate and honor the warranty. So we'll take your existing base, maybe you have a hundred machines, maybe you have 50, I don't know yet I haven't been in here. But if we replace 25 of them and there is 25 existing those 25 existings will be put under warranty and if for any reason they will be replaced at no charge even though we are not purchasing anything. Along with the 25 new and the vendors will be required, whoever is granted the bud to warranty that equipment and then we would also step up to the plate and with a dual layered warranty. And so we strengthen the ties, they still service the equipment, but we are like a watchdog, we manage it. We collect the meter reads. We provide an annual report once a year for the machines being overused or underused. Right now nobody knows what is going on within the City and what we are going to try to do is bring that information together so that we have

essentially instead of hundreds probably thousands of invoices coming through here billing on service, supplies equipment and everything we are going to narrow that down to half a dozen per year so you can control it. But that takes me two to three months to bring that to fruition.

Alderman Lopez stated in looking at your numbers here are you including the school department, and all departments.

Mr. Tilton stated I primarily work with school systems. I typically don't go out to cities because of volume.

Alderman Lopez stated that was my next question these places that you have listed up top here as sample references most of those are schools.

Mr. Tilton stated those up above are just piggybacks. Those were towns where I did the school and they asked to be included in the bid. We get compensated on a very small percentage 11% of the cost per print. So if you look at these examples these are just municipalities on a school. If you were a school, in fact we are soliciting the SAU37 as we speak, and they do 37 to 45 million prints, and typically I focus my attention at higher volume clients. You are around 5 million. So these towns here are ones that asked to be piggy backed onto the school system at the time, which is what we are trying to do here.

Alderman Lopez asked to be walked through so he would have an understanding. I am a department head I have a machine downstairs it broke down I need another machine. I come to you?

Mr. Tilton stated correct. Well, you can buy off of an existing bid, we go out to bid every month and a half for school systems all over New England. But, what we are going to do here is a system wide upgrade. We are going to look at every single contract. Every single service and supply. Every single lease. We are going to go around and write a five year plan as to what you are going to need and then we are going to put that five year plan out to bid. After that time period if you have a department that needs a machine you don't have to put the whole city out to bid again, you can buy off an existing bid which comes in every month and a half and just add it to the blanket. We are going to establish here is an all inclusive cost per copy blanket service and supply agreement. So say you have a hundred machines on it. And you want to add another one. You just add it on to the contract and you are going to pay for what you use. It doesn't make any difference whether you are doing, you have a hundred machines on for one million prints or whether you have one machine doing a million prints you are going to pay for what you use do you understand what I am saying. So it's a simplified

billing process. What you have right now the best way to illustrate it cell phone industry. You buy so many minutes and you don't use it you loose them. You go on vacation you don't use them you loose them. That's what you have within the copier industry each one has a separate month to month plan there are hundreds of those. What we are proposing is to take control of this and put the entire base out to bid. Once you have an all inclusive cost per copy contract you will have two invoices per vendor one at the beginning, one at the end. You take an ending meter read and some will go over the 80% of projected volume and some will go under and you will pay for what you use. No more no less. And that's where the industry thrives is on confusion just pounding you with invoices. Does that answer your question.

Alderman Lopez stated oh yes, it sounds good.

Mr. Tilton stated well, I've been doing it since 1989.

Alderman Lopez stated I don't mean that derogatory, knowing some department heads they like one machine over another machine and the debate will go on, I don't want that lousy machine, I want this machine.

Mr. Tilton stated we address that the quality side of things. I had a chance to just look at this from the outside but from what I see this

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Side 5

(Tilton) I'm talking about. I'm going to go in there and inspect every single machine. I'm going to overspec it. I'm going to make sure that every single department, they have a 35 per minute machine they'll have a 45. If they have certain features they will not be...we are going to survey every single key operator, the tech coordinators, the department heads and make when we write that five year plan and I'll guarantee you that everybody will be upgraded. Now there might be some exceptions where they just totally out of whack but that will be a decision. I'm going to make sure this politically goes over because there is just so much profit margin being made out there that I can do that and still come in and save a tremendous amount of money for the city. So I'm very sensitive to your concerns about the different department heads having the equipment of choice. We will interview them and they will have a part of the decision process.

Chairman O'Neil stated the three services I think Randy wrote the letter, copiers, system printers and outside printing requirements can you define that for me.

Mr. Tilton stated outside printing is anything that you are sending out to a printer. We look at that as well. Like for example I don't know what your numbers are Randy but they could be hundreds of thousands of dollars that you are sending to an outside printing source and we will do a feasibility study as to whether a portion of that could be done inside for a fraction of the cost. For example the average cost to print outside is 5 cents. We can do that for a half a cent.

Chairman O'Neil asked if he was suggesting that even with that savings we'd have to, we would need somebody to actually do it, or a number of people to actually carry it out.

Mr. Tilton stated like I said, we need to do a feasibility study to find out exactly what's going on within the district, and then bring that back to you so that you have those facts.

Chairman O'Neil stated you may have said this earlier and I apologize I don't want to quote you. I know you mentioned something to the effect that each department is doing their own thing regarding copies and I don't believe that's correct on printers so.

Mr. Tilton stated I don't know on the network printer side.

Chairman O'Neil stated I believe Info Systems is responsible for that end of it.

Mr. Sherman stated that is correct.

Chairman O'Neil stated you listed six communities in Maine and New Hampshire. These are all clients of yours currently.

Mr. Tilton replied correct.

Chairman O'Neil asked are they your only municipal clients in New England.

Mr. Tilton responded no.

Alderman O'Neil asked if he could provide us a list of government.

Mr. Tilton responded school systems as well.

Chairman O'Neil responded exactly, the complete list.

Mr. Tilton stated Portland, Maine is one of our clients which is the largest city in Maine and then we just are bringing to fruition with SU13 which is the largest

school system in Vermont. We have Exeter is going out to bid with 16 million prints, we've had them for several years on the school side. I could have provided a school one of these versions but since you were a municipality.

Chairman O'Neil stated we have no authority over the school district, but we may ask them if they would like to participate, that may make some sense.

Mr. Tilton stated we already met with the finance and we are in the process of negotiating our contract right now.

Chairman O'Neil stated and those are two separate contracts.

Mr. Tilton replied correct. You would reserve the right to accept whatever bid you choose. Each entity works on their own. That's the beauty about this. Is that even though you can do group purchasing, we are going to give you the choice of the vendors. Without sacrificing costs.

Chairman O'Neil asked do you have any knowledge of the history of the city going through this process at all.

Mr. Tilton responded not yet, but I will.

Chairman O'Neil stated because if I recall at one point we went through a centralized copier process years ago and it actually feel flat if I recall.

Mr. Tilton responded there is nobody in the history that I am aware of doing what I do. We are a purchasing consulting firm that have no ties to the industry when we put that out to bid. I don't know what kind of centralized purchasing.

Alderman O'Neil stated I don't remember the specifics of it but I'm pretty sure I am correct on that.

Mr. Bernier stated early 90's,

Chairman O'Neil stated I would appreciate seeing an expansion of your list for clients and if you could put the person, contact name, what their position is. What I would like to suggest is that the Board ask, I think the Committee has this power, that a little internal committee of city staff be set up to kind of look at this. It sounds pretty interesting, I don't know a lot about this but before we move forward and I would like to recommend to the committee that someone from the City Clerk, Finance, Health Department because of the remote site, Highway, Info and Police, and there is a reason for all of them. Do you handle large plotters.

Mr. Tilton responded correct, yes.

Chairman O'Neil stated my recommendation would be Clerk, Finance, Health, Highway, Info, and Police. And the only reason I put police all the records that they generate for the public. Refer it to this group.

Alderman DeVries so moved to refer it to the group to have them take a look at this and report back to the Committee. Alderman Forest seconded the motion.

Alderman Lopez stated the only thing is, is that if we refer it to them, but if they are all in agreement why couldn't they move forward to implement, we are not paying this gentleman, \$400, if they are in disagreement then I think it can come back to the committee but if they meet professionally as department heads and they are all in agreement the study is worthwhile why don't we give them the permission to move forward, unless there is a disagreement.

Chairman O'Neil stated I would like to see it come back to the committee. We've been down some of these and I'm not saying proposal this gentleman has would be similar, but we've been down some of these avenues before and they haven't worked out and we've been locked in. I'd rather take our time and do it right.

Alderman Lopez stated in that case can we put a time frame on this because I think it's important that if we can save this type of money I think it is very important. So let's at the next Administration Committee meeting they could meet, it doesn't take long for these guys to meet and sit down with this gentleman and come back to this board.

Chairman O'Neil noted they would probably meet the second week of December, so if they can meet sometime before that, it should be one meeting and come back with some information to us, that would be fine.

Mr. Tilton stated in the meantime I will send you some references, some stronger and on the school side.

Chairman O'Neil advised Mr. Tilton to forward them to the City Clerk, they'll provide that information for us.

Alderman Lopez asked if that could be part of the motion.

stated the motion would include a report back at the next regular meeting.

Mr. Tilton stated I would like to say just one word of caution. We are going to be cutting into profit margins and the vendors that are existing vendors that are in

here they are probably a mixed bag, some will respond in a positive manner, because we have a good working relationship with them, but you are going to be cutting into profit margins. It is not unheard of them contacting board members to try to discourage the process. So I want to be up front with it. I don't work for them I work for you, and if we are going to do anything we have to be on board 100%.

Chairman O'Neil called for a vote. There being none opposed the motion carried. Just for clarification, the Manchester School District is already moving forward so we don't need to ask them to be included in this.

Mr. Tilton responded no, but we have already met with the Finance Committee, they initially approved it and they are now in negotiations on a contract.

Chairman O'Neil noted that they had a lot of communications from departments on central purchasing we have a mixed bag of communications regarding the cell phone policy, that is very limited if I recall. I would like to get a communication back from all the departments specifically on the cell phone policy proposal. Because I think we have limited response on that particular item. We have maybe two, three or four departments that responded on that. Referring to item g, asking the clerk. It may be mixed in with some others but I was trying to follow.

Mr. Sherman stated very few departments responded.

Chairman O'Neil stated Chief Kane responded specifically on that issue. Frank Thomas specifically responded on that issue. Let's send this back out to all the departments, send a separate communication specifically on the cell phone policy.

Chairman O'Neil stated maybe we didn't take a vote on it last time so let's take a vote on it.

On motion of Alderman Forest, seconded by Alderman Smith, it was voted that the departments respond to our request on the cell phone policy proposal as submitted by the Finance Department.

Chairman O'Neil asked Mr. Sherman, item d is for information only.

Mr. Sherman responded yes.

Chairman O'Neil stated then we go to e and f which are the P-Cards.

Mr. Sherman stated the only thing really 3 and f are really for information purposes as well. Just trying to keep you updated on where we stand with using the purchasing cards. Obviously the departments are starting to get a little bit more comfortable with it. More departments currently have the card. Really on f we are trying to again just emphasize the point that if we could get everybody up and running how much usage we could be getting from the card, we're adding more vendors every month as those vendors become available.

Chairman O'Neil asked how are more vendors becoming available.

Mr. Sherman stated as more departments are getting the card they are branching out and contacting their vendors and making those and setting those relationships up and getting the vendors to accept the card.

Chairman O'Neil stated our firm that we have a contract with, the bank, they haven't provided any additional vendors to our list.

Mr. Sherman stated we have sent out some.

Chairman O'Neil stated I'm not asking what we did I'm asking what they did.

Mr. Sherman stated I know. Well we send out a form letter to pretty much a form letter to the vendors. Any vendor who has contacted us and said we do not accept the cards right now but we are interested, we turn those names and contacts over to the credit card company. What I do not know is whether any of those that have shown an interest are now accepting them. I can go back and follow up, we have that list and if you'd like we can follow that up and let you know.

Chairman O'Neil stated it would be interesting, I know we have a difference of opinion on this, but I believe it's their responsibility not ours. If we can bring people to the table that's okay, but in my opinion it's their responsibility.

Mr. Sherman responded right, absolutely.

Chairman O'Neil stated so if there is a way to track that that would be helpful.

Mr. Sherman stated we can do that.

Chairman O'Neil asked if there were any departments that wanted to speak that have been since the last time we met that have implemented P-Cards, are using them, pros, cons. Is there anybody who would like to come up and speak on the subject. Since none were volunteering Chairman O'Neil asked Chief Kane to make a comment.

Chief Kane stated in our department we were definitely a little leery when we first looked at this. The Finance Department came in, they did a training session we had all our people there. We went through it, we were skeptical as we were looking at it but as we looked at it more and got more comfortable with it it seemed to be fine and we are moving ahead with it step by step. There are as we come across issues, and there aren't many, they get resolved. Between the Finance Department and our department.

Chairman O'Neil asked if he used purchase orders by fire codes.

Chief Kane responded yes, we issue a purchase order to track that.

Chairman O'Neil stated that's been a little bit of an issue, correct.

Mr. Sherman stated it was an issue initially. We have resolved that, you can now use a purchase order if you so choose to. The two issues that still do remain are those if you have inventory or if you are using it for a fleet purchase and we have been trying to work with the Highway Department to deal with those issues because they are the department that has that, more than any other department. But if a department wants to use a purchase order they can use a purchase order.

Chairman O'Neil noted we can get Frank or Mindy up here, I know their concern was they break down per project per organization. Chief Kane do you break it down that fine for fire coats for somebody on the fire line or its going to somebody in a support do you really need to know that.

Chief Kane responded not really, the fire coat is the fire line. Our lines in parameters in different divisions are pretty well established so it's not like we are going to buy a fire coat and some of it's going to one division and some of its going to go to another. We were concerned about tracking because that's basically how we track everything coming through by division and that was an initial concern but we have overcome that concern.

Chairman O'Neil stated so say you are purchasing tires for a van in the communications division.

Chief Kane that all comes out of maintenance for tires.

Chairman O'Neil stated for the entire department, you don't necessarily break it down that fine.

Chief Kane responded no we do not.

Alderman Smith stated say you are using the card and something happens with the equipment you have already paid for it with the card, what say it deteriorates after a month or so, like your fire coat, you have already paid for it how do you get your money back or how do you reconsider the purchase.

Chief Kane replied let's say it's a fire coat. Usually you warrantee with that and we would have to deal with the vendor directly if it's an issue. But following that up as I understand it, if there really is a product that there is something wrong with it we can go to the vendor of the card holder and say hey, we have a problem here with this and see if you can recoup through that vendor.

Alderman Smith stated what I'm saying Joe is you have already paid for it and two months down the line you find out, sometimes you don't find out that something is wrong with equipment till a month or two later. You already paid, what avenue do you have to go through. It's been paid for, you have gone through the system, how do you recoup your money or get reimbursed or whatever.

Chief Kane responded I think it would be up to the department to get reimbursed.

Chairman O'Neil asked if Highway wanted to comment noting it was one of the subjects talked about last time their ability to track per project and per organization, and the fact that some of your largest suppliers would not accept P Cards.

Mr. Thomas stated correct. As Randy mentioned, we are still working out some problems with utilizing the P Cards to purchase into inventory and into our fleet. And of course when you are talking inventory those are some of the main purchases fuel, salt, etc. So we haven't been able to utilize the P Cards yet into those areas. Some of our large vendors have made it known that they are still not taking P Cards, Public Service for example does not accept P Cards and that's street lighting and that's over a million dollars in that one line item. Granite State Minerals is our low bidder for salt they don't take P Cards even though they appear as an approved vendor on the vendor list the bank provided. We do have a detailed costing system and as such we still have a lot of paperwork that we have to do at our end so there isn't a lot of savings by utilizing the P Card but we are utilizing them and we are still maintaining our costing system so we are working through some of the problems once we get through the fleet and inventory issue I think that will be a big step and then again I think there is going to be a need to sell the use of P Cards to big vendors again like Granite State Mineral.

Chairman O'Neil stated so when you say still working through fleet issues I think last time we were talking about the examples of Sanel or Robbins where your mechanics or parts people are down there regularly.

Mr. Thomas replied the biggest problem we have parts for vehicles is that Robbins maintain the discounts that we already have plus accept P cards they will only process the transaction once a month so we have to wait till the end of the month to see a list of transactions that could be 150 to 200 transactions that then we have to go through at the end of the month. So it's not like we are getting those transactions in on a daily or a weekly basis.

Chairman O'Neil asked has there been any vendor or supplier that and I know that you buy a lot of different items from fencing to shovels is there anybody that is accepting them that you are using the P Cards for.

Mr. Thomas responded we are utilizing the P Cards as much as possible. We are starting to branch out more into some of our standard entries, or standard monthly purchases, like cell phones, paying those bills utilizing P Cards. So we are trying to expand as much as possible because the City has made the commitment to move forward with the P Card.

Alderman DeVries stated you indicated that you are not saving any steps. But are you expending extra energy in order to utilize the new P Card technology.

Mr. Thomas stated as we transition in there is the learning curve, we are changing the way we are doing things, because before we pretty much had it set up we'd issue a purchase order. We would review the delivery slip once it came in. We verified that we got what we ordered. Then we would pay the bill. It was nice and clean what not. Now we are doing things a little bit different. We are buying an item that transaction could go through and the vendor could get paid before we received delivery on that item, and there was a question asked of Joe Kane what happens if you don't get delivery on that item. Well, you have to pretty much make a little stink about it, but the vendor in most cases have been paid already.

Alderman DeVries asked are you finding any efficiencies in time and labor within your department. Or do you anticipate when you have this more, once you pass the learning curve.

Mr. Thomas replied I don't see that we're picking up a lot of efficiencies because again in order to maintain our detail costing system we have to go in and still break that down once the transaction has been done, but on the other side of the coin I think we knew that the big savings would be at the Finance end in cutting only one check instead of thousands of checks.

Alderman DeVries stated the second half of that being at the Finance Department. I'm looking at the P Card summary and it seems that most of those transactions are singles. And I realize that this is building as you bring vendors on line, but you know if most of the payments going out of P Card are being processed are singles for you, I still don't quite understand the efficiencies of savings here. Because if we are not seeing it as a department head the only real efficiency at the Finance Department is if you pay once, but we're still not getting some of our utilities and such on line, we are doing a lot of single transactions. I guess I'm just not quite seeing it yet Randy.

Mr. Sherman stated you are looking at 14f with a list of the vendor summary which was 458 transactions for the month. If you go to the end of the report. Each one of those under a normal circumstance and I won't speak for every one of those because I'm not sure which departments, you would have actually gone through a two step process. The department would have put in a purchase order, order the merchandise, when they receive that merchandise they go back into the system a second time and process the payment. So they are touching the system two times. Again I am not familiar with every one of these 458 but with the purchase card when you call up now and order and use your purchase card or whether you order it on line or whether you go to the retail establishment it is loading that transaction into the system and you go into the system and now your only touching the system once. Yes, you still have to put in project numbers, work order numbers, you still have to put in your accounting distribution. But now you are only going into the system once and that's where the savings will be. Now clearly if Highway has to put it in manually into a fleet system and go into the purchase system where before they only had to put it in once they are not going to see that efficiency necessarily but if you have a department that is now being able to skip that purchase order process and only touch the system once there is an efficiency there. Now clearly on the Finance Department side that's 458 checks that we no longer have to issue, put post to John and then reconcile. And I know some of these of the 458 are duplicated. But there is a savings on that side as well. And I can tell you that the department that has taken this the most and it's unfortunate that they are not here is the Police Department. They have really taken it, but again the Police Department doesn't have inventory, and I don't believe they use the fleet system. So it's not an issue to them, the issues that you are having with the Highway Department.

Chairman O'Neil stated looking at this report looks like WB Mason had the greatest number of transactions that, 38 I think, does that mean that for WB Mason and this goes over several months, but let's say this was 38 transactions in a single month, does that mean that we would now by using the P Card cut one check to them.

Mr. Sherman responded no, we wouldn't cut a check to WB Mason, we would cut one check for the \$186,000 and actually we don't even cut a check it's an electronic payment.

Chairman O'Neil stated and it's 7,763.09. What happens, how does WB Mason get paid. They get paid by the bank.

Mr. Sherman responded they get paid by the bank 38 separate times.

Chairman O'Neil asked how are we paying for that then.

Mr. Sherman responded we pay the bank, one check for this whole amount, the whole 186,000 and it still goes out once a month, and it goes out somewhere between the 11th and 14th of the month. And if there is a dispute, there is a dispute process through the bank, not unlike a personal credit card you order something it comes, it's damaged, you go back to the credit card company and they then reverse the payment and we never pay them. If it happens prior to this money going out we never pay for it, it's the bank's issue. Now clearly, if it's after we've paid them and it's two months down the line it would be no different than if we issued a check to the vendor, you would have to go back through that process.

Chairman O'Neil asked Mr. Thomas, previously x number of employees in your department had credit cards. Has that number changed, do the same number of people that had credit cards have purchase cards, or have you increased or decreased the number of cards.

Mr. Thomas stated we have more people now in the department that have P Cards than had credit cards in the past.

Chairman O'Neil asked is that like a one shot thing or do you maybe adjust it monthly or every other month, do you look at gee, Bob Smith, or Mary Jones, really should have it.

Mr. Thomas stated we continue to monitor that, matter of fact I signed off on one employee today to have her get a P Card.

Alderman Smith asked Mr. Sherman, if there are any savings it goes into the general fund and not back to the department with these P Cards.

Mr. Sherman stated the program that we have if we spend over \$5 million a year we actually start getting rebates back to dollar 1. Those rebates would get allocated to the entity from which the dollars were spent. So some of those dollars

may go back to Airport, but there would be a general fund component, there would probably be a Parks & Rec. component but it would get allocated over all the departments.

Alderman Lopez stated let's go back to the budget aspect of it. \$200,000 revenue now we have an expense of \$200,000 that takes care of the employees for the central purchasing.

Mr. Sherman stated the \$200,000 that was budgeted was to take care of two employees for central purchasing, correct.

Alderman Lopez stated you haven't calculated how much revenue we received so far.

Mr. Sherman stated we are no where near hitting the \$5 Million for this year. Now again, we are only three months into it, and again the hope is that we still can get to that \$5 million, but you would have to be close to about \$12 million to hit the \$200,000.

Alderman Lopez stated one of the things I have seen on there, there was one charge card for \$15,000 on one of the accounts that was reported.

Mr. Sherman asked to one particular vendor or to one card.

Alderman Lopez stated one particular vendor.

Mr. Sherman stated I know the Police Department bought a vehicle with their card. But I'm not sure which vendor you are referring to.

Alderman Lopez stated I guess what I'm getting at is that that was probably already out for bid and they bought it with their card or it was authorized.

Chairman O'Neil stated it says Enviral Safe Corporation.

Mr. Sherman stated I'm not sure which department used that, but some of the card limits are up to \$50,000.

Chairman O'Neil stated it looks like Public Works was the department.

Mr. Sherman stated but if you have someone like Jennie Angell at Information Systems she can put in an order with Dell who does accept the card, dropping \$40,000 or \$50,000 at Dell is pretty easy to do.

Alderman Lopez stated that's okay, I was just wondering about that one.

Chairman O'Neil stated if you said Police bought a car, it's not reflected on here.

Mr. Sherman responded I think it was under Autofair. Yes, it's under Autofair, it was a used car.

Chairman O'Neil stated following up on Alderman Lopez one of my biggest concerns going into this and I thought we started running before we knew how to walk. I'm very concerned about the two employees that are effected by this. How are we going to, are we expecting that, and I'm not even 100% sure of the arrangements now, certainly Mindy is being paid for out of the Highway Department budget, Lisa is being paid still out of the City Clerk's budget, but she is working in Finance.

Mr. Sherman said right, she is being paid out of City Clerk and they then send us an invoice in essence and we charge it out of central purchasing. We have not done that same thing for Mindy at this point although the dollars are both under central purchasing and there are also dollars under fleet for administration.

Chairman O'Neil stated you said it's early we may reach if I understood your comment to Alderman Lopez, we needed to hit the \$12 million to see the \$200,000 in savings.

Mr. Sherman responded right.

Chairman O'Neil stated and right now we are not even at \$500,000.

Mr. Sherman responded correct.

Chairman O'Neil stated what I am most concerned about is the \$200,000 is specifically for the salary and benefits of the two employees.

Mr. Sherman responded the \$200,000 appropriation was for those two employees correct.

Chairman O'Neil asked how are we going to pay that if we don't reach the savings.

Mr. Sherman stated you still have the appropriation to pay, now when we set the tax rate we knew that or we took that \$200,000 of revenue out so in essence we've raised \$200,000 of tax dollars to pay for those two employees.

Chairman O'Neil stated so there is a mechanism to reimburse the respective departments.

Mr. Sherman responded yes, we've done it with City Clerk, I'm not sure we are up through October but we have done a couple we have not really talked to the Highway Department but those dollars are available.

Chairman O'Neil stated and the next step is sometime I'm guessing after the first of the year the Mayor will start his budget process for the next fiscal year. We need to have some continuing discussion on where those employees are going to be housed correct.

Mr. Sherman responded absolutely.

Alderman Lopez stated now Frank, you are paying out of your funds now for Mindy, why aren't we reimbursing the Highway Department, because that \$200,000 appropriated, we should reimburse them that money at some point.

Mr. Sherman responded absolutely. Again, we just haven't, we have worked it out with City Clerk and I'll be honest with you we haven't even talked to the Highway Department about it but I think we've talked about at this meeting that those dollars are there and at some point we can make that correction.

Alderman Lopez stated if this thing is going to go forward I'm concerned like the employees if this is going to work. When is the time frame here or is there a time frame for this year or for next year's budget if we don't reach the \$12 million. At what point is it a failure.

Mr. Sherman stated one thing that I'll tell you that the credit card company did say is \$12 million for year one is a hefty target to try to reach. And they told us that you should probably expect to be in the \$5 to \$6 million range for the first year. And then again you grow the process. I noticed on here like for the Union Leader here there's only about \$4 thousand. We give the Union Leader probably close to \$100,000 a year, and we've used the card once, we paid it but now we got to get every department to pay their Union Leader bill on there. And those are the types of things that are going to take time to grow the program. Do I fully expect to hit \$12 million this time, clearly you are not going to hit \$12 million. Can we hit \$5 million, yea I think we can hit five but again it's going to take some time to grow the program get the cards in the hands of everybody that should have it with the appropriate balances or limits and get everybody comfortable. Clearly you know as Frank said if we can get the inventory and fleet issues worked out there's a lot of dollars in that category.

Alderman Lopez stated okay I hope we can solve it by March.

Chairman O'Neil stated regarding fleet and inventory issues what steps are we taking to try to work those out.

Mr. Sherman responded we have talked to the folks at HTE about the issue. One thing that I found in the ten years that we've worked with HTE is every community that they deal with really does things just a little bit different. I need to sit with Mindy and walk through some payments that she currently has or the process that she is currently using so we can document that and take it back to HTE so they can understand how we're handling it. For example when I talked to them back in October they said well, nobody that buys anything for a vehicle should ever put it into inventory. If you are going out and you are buying a oil filter you go out you buy it and put it in the vehicle. I said no, they go out and buy a dozen of them. They use one on the vehicle maybe the other eleven are going into inventory. And it's those types of things that if we can document that I can take it back to HTE and then they can understand our process. Which is what we did with the purchase orders and now we have a method to be able to use a purchase order with the purchasing cards. It was something that I was more familiar with because clearly we have used purchase orders before but we've never used inventory and fleet in Finance. So it's a process we've been trying to really sit down with Mindy, she's had bids, she's had other things going on in the Highway Department I think we are finally to the point and I did just get an e-mail from her today that she is at the point that she feels she can sit down with us and walk us through a couple of transactions so I can see how they are interacting with the system now, and then we can go back to HTE and say okay here's the situation how do we use it with the purchasing cards.

Chairman O'Neil asked if Mindy was representing all the departments on inventory and fleet issues.

Mr. Sherman responded I think initially she has. I think Highway is definitely the largest user. The other division really that using inventory really is Building Maintenance which is still under Highway. There are a few others that use fleet but not to the magnitude that Highway does.

Chairman O'Neil stated cause I'm thinking Fire Department, did you say Police pretty much buys as needed.

Mr. Sherman yea, I don't believe they use the fleet system.

Chairman O'Neil addressed Chief Kane stating I know it's not uncommon of you to have a supply of fire coats or supply of tools that you guys use on the line, we

are not talking great dollar amounts but you would inventory, but even though Joe is not in the discussion Mindy would kind of be reflecting similar items and what Highways doing so if we can work it out with Highway the inventory it should work for fire.

Chief Kane indicated affirmatively.

Mr. Sherman stated work for everybody.

Chairman O'Neil stated I'm guessing Joe when you bid stuff you probably have to buy some quantity, you can just say I want to buy one fire coat.

Chief Kane stated no, when we do fire coats and the fire coats aren't an issue because we're spending about \$50,000 and doing the exact same thing as Highway, not to their extent but we are doing the exact same thing with fire coats and some of our tools we do it once a year.

Chairman O'Neil stated to Mindy, one of the areas that we were trying to get some control over was the fleet. And I think we asked you to take a look at instead of departments bidding tires let's say, has anything gone forward with that where you are the sole person that bids tires.

Mindy Salomone-Aboud addressed the committee stating we try to work with Parks and Rec., we were unable to get a listing of what they had, I have sent out the automotive bid for the Highway Department with the hopes that we can work with the vendor and ask them to give certain pricing to the Parks and Rec. Department as well.

Chairman O'Neil asked what about Fire, Police.

Ms. Aboud responded we felt it would be easier at this point in time to go with the Parks & Rec but certainly we can add them to whatever bids as well.

Chairman O'Neil stated I don't know if they use tires as an example they have to put tires on cars, light duty trucks, I don't know if a fire truck has a specific tire that's different from a 10 wheel dump truck it may or may not, or same thing I know police has some high performance tire they put on the police cars. But those were not included.

Ms. Aboud responded no they were not.

Chairman O'Neil stated so batteries or any of that. Do you need something from us to make sure that happens or do you want take this slowly first.

Ms. Abood stated probably to for it to be more accepted across the departments it would be helpful, but we have sent the automotive out bid already.

Chairman O'Neil stated that you take it slowly or we take some action.

Ms. Abood responded that you take some action.

Chairman O'Neil stated I thought that was somewhat clear that we wanted to get to try to find some common items in the fleet area that you could go out and get purchases and then they just buy off that, if there was some specific items, but you know a battery is a battery, an air filter is an air filter whether it's at fire, police, highway, parks in my opinion. I don't know if the Board feels that way but I thought we were already heading in that direction so I don't know if we want to take a vote on that.

Alderman Lopez stated if they need some information to move forward the departments should give them the information.

Chairman O'Neil stated I thought that's where we were going on the fleet issue I thought we were trying to take a little step with this and see if there were some efficiencies. For instance I know on purchasing vehicles you folks broke you got some information back and as it turns out where the State bids at, because we don't buy a significant quantity of vehicles we are better to go on the state bid.

Ms. Abood stated yes we did, but I think that's where the understanding was that was where we were at this point in time, I didn't know it was inclusive of also automotive parts as well.

Chairman O'Neil stated if it's practical. There may be very specific items but there is a lot of similar items in all those departments.

Alderman DeVries moved that the City Clerk contact the departments asking that they facilitate their bid process with Mindy at the Highway Department for vehicle referenced items.

Chairman O'Neil asked if it was too late for this year.

Ms. Abood stated I could probably send out an addendum if that's where you want to go but the Highway Department at this point in time is without automotive bids.

Chairman O'Neil asked would quantity on those change things greatly.

Ms. Abood stated no, it's not a quantity driven bid, it's more of a quotation or a specific tire or battery that we use.

Chairman O'Neil stated there is a possibility let's say an air filter, you may be getting a better price than if police, parks or fire went out on their own to get it.

Ms. Abood responded correct.

Chairman O'Neil stated that's where I think this thing should go.

Alderman DeVries stated I think it still covered it for the vehicle procurement, fleet procurement that the city clerk notify the rest of the departments that they coordinate with you to see if there is any cost savings.

Alderman Forest seconded the motion. The motion carried with Alderman Smith recorded in opposition.

Chairman O'Neil asked Mr. Sherman what are some of our next steps.

Mr. Sherman stated I think clearly you need to decide what you want to do with central purchasing. Whether you want it to be a stand alone, whether you want it to be incorporated in some other department, whether you want to throw the idea out altogether. I know there is job descriptions. There is the concept that has been put forward by the Mayor on what he envisions. I don't know if you want to again like you were going to do on the printers and those types of things if you want to put together some departments to talk about it. But clearly going into the next budget season I think something needs to be decided by the Board. Because my guess would be that if not the Mayor going to come out and include it in his budget and we will be back in the same place.

Chairman O'Neil stated why don't we do this for our next step, I don't have a list of exactly who has responded on central purchasing, again some departments have and asked the City Clerk if we could send out a communication to the departments that they have not commented on central purchasing that they comment to the Administration Committee within the next two weeks.

Alderman Smith stated I believe I got reports from Water Works, Highway, Airport, Tax Collector that were against central purchasing.

Chairman O'Neil agreed that they had the majority of them but not everybody. I think before we move forward we just need to know and we don't have every department.

Alderman Smith stated I can tell you what you can do with central purchasing right now.

Chairman O'Neil stated I don't necessarily disagree with you but I think we need to get a response from the departments, we have a majority but not all.

Alderman Lopez stated Mr. Thomas stated was the central purchasing for the city of Manchester under ordinance. I don't know where we are going to go with this whether we are going to make any money or what but I agree with Randy if we are just going to pie in the sky and we are not going to get any revenue and we are going to put it back in the budget next year, we are short \$200,000 not by our doing, if we are going to implement anything that a resolution be made at the budget season time instead of working after the budget is approved. I think you have to work on some of the departments, things have been working fine to a degree, is there some savings there probably is some savings they are going to reap the benefits or finance going to reap the benefits or wherever they are going to reap the benefits I think that ought to go back to the department for revenue if you are going to count it all in finance. That's the things that I am concerned about, where it's going to be. And is it working. Mindy comes up with a good point that Parks & Recreation may have bought all of their tires by now, who knows. There has to be coordination someplace.

Chairman O'Neil stated I think Randy has kind of brought this, we have to make a determination, do we do nothing, continue the way we are going. Do we create a stand alone department or do we put some form of purchasing control in an individual department.

Alderman Lopez stated I am surely not for a stand alone department. It has to be someplace if we are going to move forward. I think we have a couple more months to work on this thing to make sure we get some concrete data as to the direction we are going. We have to find out is there resistance out there, apparently according to my colleague to my left there might be some resistance and I think we have to know the plusses and the minus. If we are making money and we are getting better deals and we are saving time we need a cost analysis of all that person, the person that was writing all those checks before is not writing those checks now so what's that person doing. We don't have a cost analysis as to whether or not it is good to have a central purchasing or we have policies on central purchasing that's been implemented under ordinance under Frank Thomas. Maybe what we have to do is change some of the policies on how things are done. I haven't got enough data to say central purchasing is the best thing going. Somebody has got to show us or show me anyway that this is the right way to go and it's not hindering departments and they don't have to do work or they are

doing double work for another department whatever the case may be. And that's where I am at right now. I am willing to give it a try, but I have to know the pro's and cons. You say you don't have to write a thousand checks so that employee that was doing that 1,000 checks what is that employee doing. Those are answers I am looking for.

TABLED ITEM

15. Communication from Thomas Arnold, Deputy City Solicitor, providing an update on the status of cable casting origination points.
(Tabled 11/22/2005 pending further information from the Board of School Committee. Communication from Solicitor's office dated 11/09/2006 submitting minutes of School Board and Committee meetings dated 06/14/2006 and 07/10/2006 enclosed.)

This item remained on the table.

Alderman DeVries moved to adjourn. Alderman Forest seconded the motion. There being none opposed the motion carried.

A True Record. Attest.

Clerk of Committee